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To the Co-Chairs and members of the Labor and Public Employees Committee:

Testimony in SUPPORT of SB 387 An Act Increasing the Fair Minimum Wage

Submitted by Kennard Ray, Legislative Director

Senator Osten, Representative Tercyak, Senator Markley, Representative Smith and Members of the Labor Committee, thank you for raising the issue of increasing our state's minimum wage and allowing me to speak on it today.

I on behalf of Connecticut Working Families would like to lend my support to SB 387. Supporting this bill will be a big step – but not the only – in helping lift more than 106,000 workers in Connecticut out of a pattern of earning poverty wages.

Just a short walk from here, through Bushnell Park, into Union Station, there is a small Subway Restaurant. Makeda, a server at Subway that has taken my order and serviced me with a smile and care several times over the last two years, works hard to make sure her customers are happy. So it came as somewhat of a shock when I found out, just Tuesday night of this week, that for the more than three years that Makeda has been employed at Subway, she has only seen a raise of fifty cents. At $8.75 an hour, with three children and an underemployed spouse, Makeda just can't make ends meet without public assistance. At some point, Makeda says her employer offered her a benefits package so weak and so costly that she was forced to forgo it and opt for the state's Husky healthcare plan for her and her children. Makeda, like the 106,000 other workers who are working for minimum wage or just slightly above, is living in poverty – making enough to get by, but never ahead.

In recent weeks and months, Connecticut has gained national media attention for all of the wrong reasons. CNN, Bloomberg, BusinessWeek, Forbes, and more have all pinpointed Connecticut as ground zero of economic inequality, being the second most unequal state in the nation. The divide between rich and poor in our state has gotten so bad, studies show that if Fairfield County was a nation of it's own, it would be the 12th most economic disparate in the world – more unequal than third world countries such as Guatemala and Swaziland. There is no excuse for this.

In recent years our state has taken the right steps to remedy these problems. Good legislation like the state EITC and Paid Sick Days, work to protect and uplift workers who have financially been left behind by inflation and bad corporate policies. I pause to think of Makeda when I say this because each time inflation has increased the cost of living over the last three years without Makeda receiving a raise, she in essence took a pay cut that she did not sign up for. It is really simple math, if your dollar is not worth what it was worth yesterday, today – then you are that much poorer. And when that's coupled with bad corporate policies like that of Subway, that charge their employees a cost prohibitive co-pay for incomprehensive benefits, then the state is left holding the bag, and Subway gets away with the profits.

EITC and Paid Sick Days are great bills, but they won't work alone. There is no silver bullet that will pass this session and end poverty by June. Poverty in our state has to be comprehensively addressed by a battery of legislation reminiscent of President Johnson's "War on Poverty" that ensures that work pays. Already having been declared as the ground zero of economic inequality, now is the time that Connecticut makes the tough decisions to do what it takes to reclaim our state from poverty.

Just days ago a report was released right here in the Legislative Office Building, by the Connecticut Association for Community Action and Connecticut Center for Economic Analysis citing nearly 720,000 or 21 percent of Connecticut's resident's currently living at or near the poverty line. Now that's astoundingly bad. But what makes matters worse, is that of Connecticut's 169 municipalities, 131 have seen increases in poverty over the past two decades. While increasing the minimum wage will not help all that are in poverty, it will be a healthy start in lifting the 106,000 workers who are treading on the poverty line, up towards economic independence.

And fiscally, for our state, this is a good deal. It's revenue neutral, costing the state nothing, yet adding new payees onto the tax rolls. As the saying goes, "the rising tide lifts all ships" and a boost to the minimum wage will not only help those lowest paid among us, but will also lift those working above minimum wage as well. It also puts money back on Main Street, allowing minimum wage workers to spend more money right at home, at businesses in their towns and local centers.

Just for some history on minimum wage, the minimum wage was created in 1933 to battle back against the Great Depression and help workers deeply affected by poverty. The policy was a boost for the economy and helped the working poor ascend to what is now known as the working and middle class. From the point it was created until 1968, the minimum wage was raised frequently enough to keep pace with the cost of living, known today as indexing. A family's earnings were able to keep the pace with the economy without the fear of falling behind. Had the federal policy of indexing remained intact and passed down to all of the states, our country's minimum wage would be now at $10.68, more than one dollar less than the currently proposed $9.75 in SB 387. Instead, in real terms when adjusted for inflation, the minimum wage fell more than 29 percent over the nearly three decades between 1979 and 2003. That's why we must be diligent in ensuring that the raise in minimum wage includes a cost of living adjustment (COLA) index so that families are not left behind each time the cost of living goes up. Ten states – Arizona, Colorado, Florida, Missouri, Montana, Nevada, Ohio, Oregon, Vermont, and Washington – currently index their minimum wage. The tricky thing is, again, making sure inflation comes after the increase, so that we're not indexing at a pace that will lock workers into poverty wages in perpetuity. Nine states with indexing in place automatically increased their states' minimum wages this pass January 1st, once costs went up, a boon for workers and those state's respective economies. While the increases average only between 15 and 20 cents with automatic index increases, this goes a long way for a worker who needs an additional 20 cents at the pump or in the checkout line. What's more, it will put the minimum wage legislative story to bed so that we can focus on the complementary and corresponding pieces of legislation needed to lift our state's 700,000 plus families out of poverty.

And it's important that we put this in proper perspective. 57.4 percent of low-wage workers in the United States are over the age of 30. The argument that the opposition makes – that low/minimum wage workers are high school kids looking for an entry way or stepping stone is just not true and needs to be put to rest. Take a walk across the street to the Dunkin Donuts at Capitol and Lawrence and I challenge you to find a teenager working behind the counter. I challenge you to then ask those same adult workers how long they've been working there and how much they are paid per hour. I am sure you will be as shocked as I was. The most disturbing argument made during last session's minimum wage debate was levied by Stan Sorkin of the Connecticut Food Association, who in a release to the press said that not only were minimum wage workers most often under 18, but of those young people pulling in a minimum wage, many were not just working for extra pocket money, but also to "help support their families". That is broken, unacceptable thinking. No 16 or 17 year old should be left to shoulder the burden of their family's economic well-being. This can only happen when poor economic policy prevails, when businessmen like Mr. Sorkin are allowed to make money hand over fist, while the workers that they represent are left to languish at, near, or below the poverty line. Furthermore, in the argument of teen employment and teen pay, let's not turn a blind eye to the world and ignore our reality – teen parenting is by no means a new phenomenon. Connecticut's cities over the years have all taken turns leading the nation in per capita teen pregnancy rates. While it may not be ideal, it is a reality and if there is just one teen parent working in this state – which is not the case – to provide for themselves and their family, then we have to do all we can to make sure that their right to make a fair and living wage is protected and not prejudge or discriminated because of their age.

It's important to note that we know exactly who is paying minimum wage in Connecticut and across the country. The ten most egregious offenders here in Connecticut and nationally are the usual suspects: Wal-Mart, Yum Brands (Taco Bell, Pizza Hut, KFC), McDonald's, Target, Sears, Subway, Burger King, ARAMARK, Starbucks and DineEquity which owns both Applebee's and IHOP. Small business owners by and large are not paying the minimum wage – it's the corporate behemoths who have adopted a perfected a national plan of paying workers as little as wage standards allow, and leave healthcare and benefits in the hands of state and federal safety nets. This is wrong. This is corporate fleecing of our state and federal resources and it is time that we all held these corporations accountable. Again a big step in doing that is increasing and indexing the minimum wage. It's time that we kept Connecticut's economic wealth right here at home in our economy and stop sending it away to corporate CEOs and shareholders. It's time that we get up to speed, and play catch up to responsible business owners like Doug Wade, president of Wade Dairy in Bridgeport – a business that has lasted through four generations, in place in Connecticut since the 1890's and start's their employees off at $14.00 an hour. Doug and his family's business have proven to be depression proof and recession proof while all the while being dedicated to employing Connecticut families and boosting our local economy. In our conversation just yesterday with Doug, he told me that his "biggest thrill is when one of my employees becomes a homeowner" and that's exactly the kinds of business people our state needs – those looking to add on, both socially and economically, to our state's landscape – not poke holes in it. Doug knows what all good business owners know – a fair, living wage only helps your business because your human capital is the most important capital in any business. It encourages employee loyalty as Mr. Wade told me that most of his 47 employees have been with him upwards of 8 years. In turns families feel a real – not imagined – sense of financial security, allowing them to pay attention to their families health and education, instead of worrying about pulling in a second or third job to make ends meet.

Now is the time to raise Connecticut's minimum wage – working families just can't wait. It's time to restore Connecticut's good name and pull us up in the minds of the media. The economic ground zero of inequality is not what our state should or want to be known for. New York's Governor Cuomo has called for an increase in the minimum wage this year, and rightly so. Please do the right thing and support SB 387.

Thank you for your time and the opportunity to speak.

Indexed State Minimum Wage Rates, January 2013

State	State Minimum Wage	Tipped Minimum Wage	How Tipped Minimum Wage is Calculated	Effective % of Full Minimum Wage	Indexing?
* = no state minimum wage					
** = state minimum wage below the federal minimum wage					
Arizona	$7.80	$4.80	State minimum wage minus $3.00	62%	X
Colorado	$7.78	$4.76	State minimum wage minus $3.02	61%	X
Florida	$7.79	$4.77	State minimum wage minus $3.02	61%	X
Missouri	$7.35	$3.68	50% of state minimum wage	50%	X
Montana	$7.80	$7.80	Full state minimum wage	100%	X
Nevada	$8.25	$8.25	Full state minimum wage	100%	X (referencing 2004 value of min wage)
Ohio	$7.85	$3.93	50% of state minimum wage	50%	X
Oregon	$8.95	$8.95	Full state minimum wage	100%	X
Vermont	$8.60	$4.17	Set at $3.65 on 1/1/2008, increased annually by same percentage as full state minimum wage	48%	X
Washington	$9.19	$9.19	Full state minimum wage	100%	X

DATA BRIEF
July 2012

Big Business, Corporate Profits, and the Minimum Wage

Executive Summary

America's low-wage economy is marked by two extremes. On the one hand, workers earning at or near the minimum wage are seeing the real value of their paychecks diminish steadily over time, as the cost of living increases while their wages remain stagnant. After nearly half a century of neglect, today's federal minimum wage of $7.25 per hour is decades out of date. In terms of purchasing power, its value is 30 percent lower today than it was in 1968.[1]

On the other hand, many corporations are posting record-breaking profits. *The Wall Street Journal* reported earlier this year that, after sinking from 2007 to 2009, corporate profits had successfully caught up to their pre-recession peak by the beginning of 2010 – and that by the third quarter of 2011, total profits for U.S. corporations reached a new record high of $1.97 trillion.[2]

This report examines the connection between these opposing extremes of stagnant wages and soaring corporate profits. While a great deal of attention has been directed at the role of Wall Street and the financial sector in driving economic inequality in the U.S., it is important to recognize that the top low-wage employers also bear responsibility for the growing disparity between corporate profits and worker compensation.

The central finding of this report is that the majority of America's lowest-paid workers are employed by large corporations, not small businesses, and that most of the largest low-wage employers have recovered from the recession and are in a strong financial position.

Specifically:

- The majority (66 percent) of low-wage workers are not employed by small businesses, but rather by large corporations with over 100 employees;
- The 50 largest employers of low-wage workers have largely recovered from the recession and most are in strong financial positions: 92 percent were profitable last year; 78 percent have been profitable for the last three years; 75 percent have higher revenues now than before the recession; 73 percent have higher cash holdings; and 63 percent have higher operating margins (a measure of profitability).
- Top executive compensation averaged $9.4 million last year at these firms, and they have returned $174.8 billion to shareholders in dividends or share buybacks over the past five years.

Three years after the official end of the Great Recession, the U.S. continues to face a dual-crisis of stagnant wages and sluggish job growth. Critics argue that a higher minimum wage will discourage companies from hiring, and that most low-wage employers are small businesses that are still struggling in a weak economy. In fact, this report demonstrates that the majority of low-wage workers are employed by large corporations, most of which are enjoying strong profits.

Background

Low-Wage Jobs Are Concentrated in a Small Number of Industries

In 2011, more than one in four private sector jobs (26 percent) were low-wage positions paying less than $10 per hour.[3] These jobs, moreover, were concentrated in industries where low-wage workers make up a substantial share – in some cases more than half – of the entire workforce.

While these heavily low-wage industries account for only one-third of all private sector employment in the U.S., **52.1 percent** of all low-wage workers were employed in these five industries in 2011 (see Table 1).

Because these few industries employ such a significant share of America's lowest-paid workers, the wages that prevail in these sectors help set standards for the bottom end of the labor market as a whole.

Table 1: Top five low-wage industries

Industry	Percent of industry that is low-wage
Food services	57.4
Accommodation	40.0
Retail trade	36.5
Arts, entertainment & recreation	34.2
Administrative services	33.2

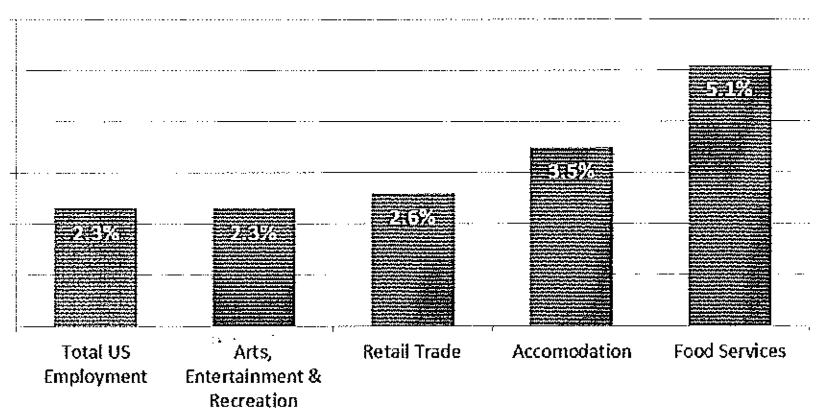
Source: NELP Analysis of Current Population Survey (2009-2011)

Low-Wage Industries Are Growing Faster Than the Rest of the Economy

For more than 30 years, the U.S. economy has seen growing wage inequality, as middle-wage jobs in manufacturing have moved overseas and new growth has been concentrated in lower- and higher-paying service industries. This trend has been exacerbated by bottom-heavy growth since the recession. In the two years since U.S. employment reached its lowest-point in February 2010, jobs in low-wage industries have grown significantly faster than employment as a whole (see Figure 1).

This trend, moreover, is expected to continue: the Bureau of Labor Statistics estimates that 7 out of the top 10 top growth occupations over the next decade are low-wage ones.[4]

Figure 1: Employment growth by industry, Feb. 2010 - Feb. 2012



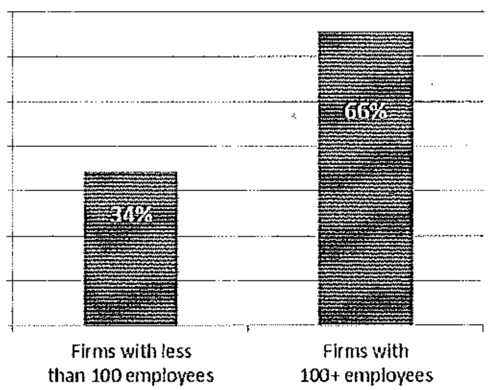
Source: NELP Analysis of Current Employment Survey

Findings

1. Big Businesses Employ the Majority of Low-Wage Workers

In addition to their concentration in a handful of industries, the majority of low-wage workers are employed by large firms rather than small businesses: **Two-thirds** of all low-wage workers (66 percent) are employed by firms with over 100 total employees (see Figure 2).

Figure 2. Share of workforce that is low-wage, by firm size



Source: NELP Analysis of Current Population Survey (2009-2011).

Contrary to what critics sometimes suggest, the majority of the impact of any increase in the minimum wage will therefore be felt by large companies and corporations rather than small mom-and-pop establishments.

2. Most Large, Low-Wage Employers Have Already Recovered from the Recession

Opponents of raising the minimum wage argue that an increase will slow down the post-recession recovery, and is more than struggling employers can absorb at this point in the business cycle. To shed light on this claim, we examined the financial position of the nation's largest employers in low-wage industries – the businesses that employ a disproportionate share of the workers that would be affected by a minimum wage increase.

Examining the top 50 low-wage employers using a variety of financial performance measures, we found that **most of the nation's largest low-wage employers are in a strong financial position** and that, by several measures, **the substantial majority have fully recovered from the recession and are in an even stronger position than before.**

Among the 50 largest low-wage employers, we find:

- 92 percent were **profitable last year**
- 78 percent were **profitable for the past 3 years**
- 75 percent are earning **higher revenue** now than before the recession
- 63 percent are earning **higher profits** now than before the recession
- 63 percent have a **higher operating margin** (a measure of profitability) now than before the recession
- 73 percent have **higher cash holdings** now than before the recession

The names of the 50 largest low-wage employers and data on their financial performance are presented in Appendix I. The sources and methodology used in conducting this analysis are explained in Appendix II.

As most of the largest low-wage employers in the U.S. have successfully recovered from the recession, they have shared their profits generously with their top executives and shareholders, while wages for frontline workers in these industries have remained stagnant:

- In the most recent fiscal year, the top-paid executive at each of these 50 companies was awarded an average **$9.4 million in compensation** – even as many of their employees are paid at or near the minimum wage (just over $15,000 per year).[5]

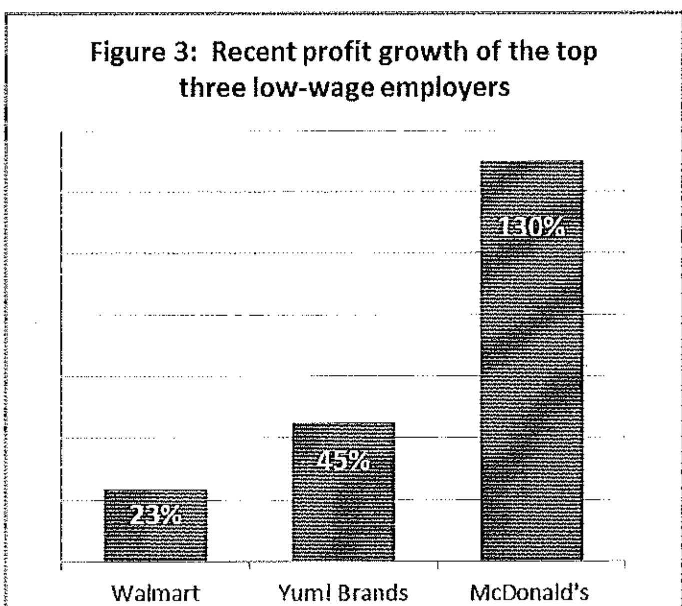
- The top 50 low-wage employers have distributed **$174.8 billion in dividend payments and share buybacks** to their stock holders over the past five fiscal years.[6]

These numbers make clear that most of the low-wage employers that would be disproportionately affected by an increase in the minimum wage are in a strong financial position and can afford the cost of a higher minimum wage. The fact that post-recession profit growth for these businesses has not resulted in higher wages for the lowest-paid workers in their industries reveals the critical importance of a strong minimum wage in setting fair pay standards.

3. In Focus: The Top Three Low-Wage Employers

The three largest low-wage employers in the United States – Wal-Mart, Yum! Brands (the operator of fast food chains Pizza Hut, Taco Bell, and KFC), and McDonald's – offer a revealing look at the resiliency of low-wage employers in the post-recession economy.

Each of these corporations was profitable during all of the last three fiscal years, and each of them now earns profits that are substantially higher than their pre-recession levels. Figure 3 shows the profit growth of these top low-wage employers over the last four fiscal years.



Source: NELP analysis of Standard & Poor's Capital IQ database

As their profits have rebounded, these companies have awarded their top executives multi-million dollar compensation packages. At the same time, a very large amount of firm revenue – totaling thousands of dollars per employee per year – has been returned to shareholders through dividends and stock buybacks. Taken together, the scale of the executive compensation packages, dividends and stock buybacks illustrate the resources readily available to cover the cost of a higher minimum wage.

Table 2: Executive compensation and dividends/share buybacks (most recent fiscal year)

	Compensation of highest-paid executive	Hourly compensation of highest-paid executive	Dividends and share buybacks	Dividends and share buybacks per worker
Walmart	$18.1 million	$9,066	$11.3 billion	$8,104
Yum! Brands	$20.4 million	$10,206	$1.2 billion	$1,401
McDonald's	$4.1 million	$2,037	$6.0 billion	$6,945

Source: NELP analysis of Standard & Poor's Capital IQ database

Conclusion

Those who oppose an increase in the minimum wage often argue that they are looking out for the best interests of low-wage workers. They suggest that even a modest increase in the minimum wage would force businesses to cut their payrolls, reducing employment opportunities for the very workers that this policy is intended to help.

In reality, however, the facts do not support the claim that employers cannot afford higher wages. As this report makes clear, the majority of low-wage workers are actually employed by large corporations. Financial indicators for the nation's top low-wage employers show that most are in a strong financial position, are earning profits above their pre-recession levels, and are sharing those profits generously with their top executives and shareholders. Taken together, these indicators show that the nation's top low-wage employers can readily afford to pay for a higher minimum wage for their lowest-paid employees.

Appendix I: Financial Condition of 50 Largest Low-Wage Employers (ranked by size of U.S. workforce)

Company	U.S. Workforce	Compensation of Highest-Paid Executive (Last Fiscal Year)	Profitable In Last Fiscal Year	Profitable Over Last 3 Fiscal Years	Current Levels as Compared to Pre-Recession Levels			
					Higher Revenue	Higher Profits	Higher Operating Margin	Higher Cash Holdings
Wal-Mart Stores, Inc.	1,400,000	$ 18,131,738	x	x	x	x	X	x
Yum! Brands, Inc. (Taco Bell, Pizza Hut, KFC)	880,330	$ 20,411,852	x	x	x	x	x	x
McDonald's Corp.	859,978	$ 4,073,748	x	x	x	x	x	x
Target Corp.	365,000	$ 19,707,107	x	x	x	x		
Sears Holdings Corporation	264,000	$ 9,932,924						
Doctor's Associates, Inc. (Subway)	250,810		x		x	x		
Burger King Holdings, Inc.	191,815	$ 4,015,619	x	x	x		x	x
ARAMARK Corporation	180,000	$ 7,379,520	x		x	x		x
Starbucks Corporation	176,533	$ 16,079,480	x	x	x	x	x	x
DineEquity, Inc. (Applebee's, IHOP)	173,350	$ 5,392,402	x		x	x		x
Compass Group PLC	171,596	$ 3,649,441	x	x	x	x	x	x
Macy's, Inc.	171,000	$ 17,650,702	x	x	x	x	x	x
The Wendy's Company	168,672	$ 16,537,725	x		x		x	x
Darden Restaurants, Inc. (Olive Garden, Red Lobster, Capital Grille)	165,475	$ 8,480,148	x	x	x	x	x	x
J. C. Penney Company, Inc.	159,000	$ 53,281,505						
Kohl's Corp.	142,000	$ 9,422,443	x	x	x	x	x	x
Dunkin' Brands Group, Inc.	132,000	$ 1,957,925	x	x				
The TJX Companies, Inc. (T.J. Maxx, Marshall's)	129,600	$ 11,087,649	x	x	x	x	x	x
Sodexo S.A.	117,323	$ 4,690,465	x	x	x	x	x	x
Domino's Pizza, Inc.	98,220	$ 6,348,151	x	x	x	x	x	x
Sonic Corp.	92,800	$ 1,918,812	x	x				x
Jack in the Box, Inc.	90,747	$ 5,305,780	x	x				
Dollar General Corporation	90,000	$ 3,832,369	x	x	x	x	x	x
Brinker International, Inc. (Chili's)	85,952	$ 3,618,325	x	x			x	
Bloomin' Brands, Inc (Outback Steakhouse)	85,200	$ 8,547,239	x					
Abercrombie & Fitch Co.	81,474	$ 48,069,473	x	x	x			x
Denny's Corporation	72,415	$ 2,329,017	x	x		x	x	
Papa John's International, Inc.	72,000	$ 2,745,219	x	x	x	x	x	x
Dollar Tree, Inc.	71,046	$ 6,144,416	x	x	x	x	x	x
Panera Bread Co.	67,755	$ 3,023,829	x	x	x	x	x	x
Cracker Barrel Old Country Store	67,000	$ 6,437,444	x	x	x			x
CKE Restaurants, Inc. (Carl's Jr, Hardee's)	63,861	$ 4,485,055						x
Ross Stores, Inc.	53,900	$ 12,478,239	x	x	x	x	x	x

Seven & I Holdings (7-11)	53,784		x	x			x	x
Buffalo Wild Wings, Inc.	52,745	$ 2,115,112	x	x	x	x	x	
Family Dollar Stores, Inc.	52,000	$ 4,747,395	x	x	x	x	x	
Bob Evans Farms, Inc.	46,818	$ 3,634,208	x	x		x	x	x
Alimentation Couche-Tard, Inc. (Circle K)	44,892	$ 3,509,252	x	x	x	x	x	x
Gap, Inc.	43,624	$ 9,711,500	x	x			x	
Ruby Tuesday, Inc.	42,799	$ 4,633,115	x					
American Eagle Outfitters, Inc.	36,112	$ 14,404,763	x	x	x			x
Big Lots, Inc.	35,399	$ 11,924,662	x	x	x	x	x	x
Office Depot, Inc.	34,952	$ 6,941,935	x					x
Texas Roadhouse, Inc.	33,000	$ 614,800	x	x	x	x		x
Staples, Inc.	32,991	$ 8,861,104	x	x	x			
The Cheesecake Factory Inc	32,200	$ 4,136,642	x	x	x	x	x	x
Chipotle Mexican Grill, Inc.	30,940	$ 19,391,571	x	x	x	x	x	x
Red Robin Gourmet Burgers, Inc.	30,254	$ 2,467,703	x	x	x			x
Barnes & Noble, Inc.	30,000	$ 1,888,341			x			
Biglari Holdings Inc (Steak 'n Shake)	29,289	$ 4,922,655	x	x	x	x	x	x
Total	**7,852,651**	**$ 451,070,519**	**92%**	**78%**	**75%**	**63%**	**63%**	**73%**
Average	**157,053**	**$ 9,397,302**						

** Fields are shaded where data was not available*
Source: NELP Analysis of Standard & Poor's Capital IQ database. See Appendix II for detail on sources and methodology.

Appendix II: Notes on Sources and Methodology

1) *Financial Indicator Comparisons:* For the top 50 employers in low-wage industries by U.S. employment (identified as detailed below), retrieved a range of financial data from the five most recent fiscal years using Standard &Poor's Capital IQ. For non-U.S.-based companies that report their financial results in other currencies, converted all figures to U.S. dollars based on the historical exchange rate for the year in which the results were reported.

2) *Pre and Post-Recession Comparisons:* Evaluation of pre and post-recession financial performance in Appendix I and Figure 4 was based on comparison of selected financial indicators from the most recent available fiscal year with those of the fiscal year four years prior. For example, for companies whose most recent fiscal year ended in 2011, post-recession financial performance was evaluated by comparing indicators from FY 2011 with those from FY 2007. However, for the many retailers that have fiscal years ending in January (in order to include holiday sales), compared indicators for FY 2012 with those for FY 2008. Because pre-recession financial data was unavailable for two of the 50 companies, Dunkin' Brands, Inc. and Bloomin' Brands, Inc., some of the summary figures are based on the top 48 companies rather than the full 50.

3) *Identifying Top 50 Employers in Low-Wage Industries:*

    a. *Identifying Low-Wage Sectors:* Using BLS/Current Population Survey report on Characteristics of Minimum Wage Workers (http://www.bls.gov/cps/minwage2011tbls.htm#5), identified three sectors that together employ 69.9% of workers paid at or below the minimum wage – 2.96 million workers at or below the minimum wage out of 3.8 million nationally. Sectors: Leisure and Hospitality, Retail Trade, Education and Health Services. Using crosswalk of Census Industry Classifications to 2007 NAICS codes (http://www.bls.gov/cps/cenind.pdf), pulled NAICS sector codes associated with each sector identified. (Retail Trade (44-45), Leisure and Hospitality (71-72), Education and Health Services (61-62).

    b. *Identifying Lowest-Wage Industries within Low-Wage Sectors*: Using industry-specific employment and wage estimates from the BLS Occupational and Employment Statistics (OES) program (http://www.bls.gov/oes/oes_dl.htm), identified industries that fall within the sectors identified in (a). Filtered these industries to identify those for which the median percentile hourly wage is $10.00 per hour or less. This yielded 12 industries encompassing 13.6 million total employees. Using crosswalks of 2007 NAICS to 2002 NAICS to 1987 SIC, translated Low-wage NAICS industry codes into SIC codes.

    c. *Identifying Companies within Low-Wage Industries:* Used Capital IQ Screening tool to generate a list of companies meeting the following criteria: Primary SIC Code matches low-wage list generated in (b); Incorporated in the US; FY 2011 Total Revenue >$0. Yield: 106 companies (102 after de-duping by parent company and removing firms without reported employees. Then used Capital IQ Screening tool to generate a second list of global companies that do not report U.S. locations, yet have substantial U.S. segment revenue and meet the following criteria: Primary SIC Code matches low-wage list generated in (b); NOT Incorporated in the US; Geographic Segment Revenue: United States Segment Revenue >10%. Yield: 5 companies. Then removed companies from list whose primary business is operating franchised locations of brands owned by other companies on the list, removed companies from the list that have starting wages above $10.00 per hour (source: Glassdoor.com employee-generated reports), and added companies that are large franchisors in low-wage industries, using the Franchise Times 2011 list of Top 200 Franchisors (link).

    d. *Determining Companies' U.S. Workforces:* Using available public information, estimated each company's total U.S. workforce. When possible, pulled the U.S. workforce from public companies' SEC filings. When SEC filings were unclear or unavailable, calculated estimated U.S. workforce numbers based on a range of sources, including press reports, ratio of U.S. locations to overseas locations, and public estimates of average workers per location. For franchisor companies, attributed all estimated U.S. employment by franchisees to the franchisor itself. This attribution is justified given the widelyrecognized significant degree of influence that franchisors exercise over the business operations of franchisees.

Endnotes

[1] NELP analysis using Consumer Price Index, available at http://www.raisetheminimumwage.com/facts/entry/amount-with-inflation/

[2] David Reilly, "U.S. Tax Haul Trails Profit Surge," *Wall Street Journal*, Jan. 4, 2012, available at http://online.wsj.com/article/SB10001424052970204368104577138891310893150.html

[3] NELP analysis of Current Population Survey (2009-2011).

[4] U.S. Department of Labor, Bureau of Labor Statistics, "Occupational Employment Projections to 2020," published in the Monthly Labor Review, Jan. 2012, *available at* http://www.bls.gov/emp/ep_table_104.htm

[5] Executive compensation data unavailable for Doctor's Associates, Inc. and Seven & I Holdings.

[6] Dividend payment and share buyback data unavailable for Doctor's Associates, Inc. and Seven & I Holdings.

EDITORIAL

Bad Timing On Minimum Wage

Hikes on top of tax increases, sick pay would look business-unfriendly

February 02, 2012

House Speaker Christopher Donovan and other Democratic lawmakers are proposing hikes in Connecticut's minimum wage that could make it highest in the nation.

It's probably meant as a kindhearted gesture from the Meriden Democrat who is running for Congress. But it would be cruel to at least one vulnerable group of workers — teenagers.

Last summer, nationwide, only a quarter of teens 16 and older held jobs. That 25 percent jobless rate equaled the nation's unemployment rate at the height of the Great Depression.

For African American teenagers, the jobless rate was 46 percent.

Compare those rates with 1994, when more than half of teens had summer jobs.

A minimum-wage job is often a rite of passage for teenagers. But will Connecticut employers hire more teens at higher wages? Common sense says no. So do studies at major universities, which have found that for every 10 percent increase in the minimum wage, there's a significant decline in teen employment, from 3 to 9 percent.

The hike proposed by Democratic lawmakers would raise the $8.25 hourly pay to $9 in July (making it the second highest in the nation) and $9.75 next year. Thereafter the hike would be tied to the rate of inflation.

This is not the way to lift Connecticut off the bottom of the job-creation floor.

Supermarkets are a major employer of teenagers. The Connecticut Food Association said Thursday that a minimum wage hike would hurt the industry that makes a profit of just one penny on every dollar it brings in and that is already struggling under the state's sick-leave mandate.

Up to 40 percent of a supermarket's part-time workers are 18 or younger. They're usually enrolled in high school and working not just for pocket money but in many cases to help support their families. A higher minimum wage would threaten not just their jobs but those of higher earners as well, the Food Association said.

In the past year, the Democratic-controlled legislature has also enacted the Earned Income Tax Credit and a big tax increase to balance the budget. Fortunately, a voice of reason has called for pause. Gov.Dannel P. Malloywonders if this is the right time to add yet another burden on businesses just starting to emerge from a brutal recession.

He need not wonder: It's a bad time if Connecticut is trying to send the message that it's open for business.

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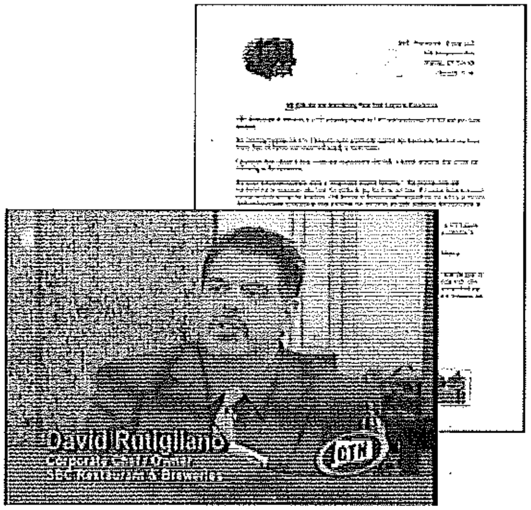

After opposing Paid Sick Days under the auspices that it would be hurtful to business in the spring of 2011, business owner and now State Representative David Rutigliano and partners at SBC Co. opened a new location, only months after the bill was passed into law. Proof that good bills for workers are also good for business.

SBC reinvents itself with Sitting Duck Tavern

Brittany Lyte, Staff Writer

Published 10:25 a.m., Wednesday, November 2, 2011

STRATFORD -- With the economy in a rut, the creators of Southport Brewing Co.are re-imagining the local restaurant chain's concept.

Smaller dining rooms. Smaller, more creative menus. That's what locals want from their neighborhood eatery, said SBC's Chief Executive Officer Bill Dasilva. And that's what this slowly recovering economy best supports, he said.

So far that theory is working. In late August, the company opened Sitting Duck Tavern, SBC's premier sister restaurant on Main Street. Dasilva described Sitting Duck as a small neighborhood pub with a cozy, coastal ambiance and boldly flavored American foods.

Sitting Duck is similar to SBC restaurants -- penne rustica, a SBC favorite -- is also on the tavern's menu, but Dasilva points out a couple of important differences: size and creativity in the kitchen.